Auditing and Balancing a 3-Statement Model

Module 9: Balance Sheet and Cash Flow Statement Reconciliation

Term	Definition
Alt+E+S+F	Excel shortcut to paste special formulas, useful for maintaining formula integrity during copying.
Alt+H+O+U+O	Excel shortcut to unhide rows in a worksheet, ensuring all data is visible for review.
Balance Sheet and Cash Flow Reconciliation	The process of verifying that changes in balance sheet accounts are reflected in the cash flow statement, following the golden rule.
Golden Rule of Balance Sheet	The change in every balance sheet account must be reflected somewhere on the cash flow statement.
Rounding Errors in Circular Models	Minor discrepancies due to circular references, often resolved by recalculating multiple times.
Rule of Two	A quick diagnostic method for imbalanced models, dividing the imbalance by two to identify potential discrepancies (sometimes multiply by two).
Subtotal and Total Checks	Validation steps to ensure accuracy of intermediate and final totals in financial models.
Unbalanced Balance Sheet	A scenario where total assets do not equal total liabilities and equity, signaling errors in the financial model.
Zero Balancing for Revolvers	A modeling practice to identify overdrafts in revolving credit lines and address them effectively.
Zoom Shortcuts	Ctrl+Alt+Minus/Plus shortcuts to zoom out or in on an Excel worksheet for better visibility.